

## 2002 Small Business Profile: HAWAII

The events of 2001 posed critical challenges to the state of Hawaii as well as the nation. Nevertheless, the economic health of Hawaii benefited from its small businesses (those with fewer than 500 employees). Small businesses are an important source of new jobs in the state. The small business sector also provides opportunities for women and minorities and is a continual source of innovation and invention. These qualities proved to be economically beneficial to Hawaii last year.

**Number of Businesses.** The number of employer businesses in 2001 increased by 1.6 percent, and the number of self-employed individuals decreased by an estimated 4.6 percent. Employer businesses numbered 28,569 in 2001. The most recent data by firm size (1999) indicate that 96.7 percent of businesses in the state were small. In 2001, an estimated 44,687 individuals were self-employed. (Source: U.S. Dept. of Labor, Employment and Training Administration; U.S. Dept. of Commerce, Census Bureau; U.S. Dept. of Labor, Bureau of Labor Statistics)

**Women-Owned Businesses.** Women owned 27.5 percent of the state's firms in 1997 and generated \$3.3 billion in revenues. Of the state's total women-owned businesses, 14.7 percent had employees. (Source: U.S. Dept. of Labor, Bureau of Labor Statistics, U.S. Dept. of Commerce, Census Bureau)

**Minority-Owned Businesses.** The latest (1997) Census data indicate that minority-owned businesses totaled 54,300 and made up 57.8 percent of the state's businesses, of which 23.4 percent were employer firms. (Source: U.S. Dept. of Commerce, Census Bureau)

**Business Turnover.** In 2001, there were 3,811 new employer firms, or 1.8 percent more new employer firms than in 2000. Business bankruptcies totaled 68 in 2001, an increase of 7.9 percent over 2000, while business terminations amounted to 4,080, an increase of 15.9 percent over 2000. (Source: U.S. Dept. of Labor, Employment and Training Administration; Administrative Office of the U.S. Courts; U.S. Dept. of Commerce, Census Bureau)

**Employment.** Small businesses employed 235,446 or 56.2 percent of the state's 419,047 employees (non-farm private sector) in 1999. The industry with the most small business employees was accommodation and food services. The total number of small employer firms in 1999 was 23,172 (Table 1). (Source: U.S. Dept. of Commerce, Census Bureau, Statistics of U.S. Businesses)

**Small Business Income.** Proprietors' income—a partial measure of small business income—totaled \$2.7 billion in 2001, an increase of 2.0 percent over 2000. (Source: U.S. Dept. of Commerce)

**Finance.** Often, small businesses use commercial lenders and rely on local bank services. Over the last five years, the number of banks in the state has decreased. The Office of Advocacy has identified the small-business-friendly banks within the state and has published the names in its banking studies report. (See Table 2 for the number of banks by asset size.) Small businesses seeking loans should also consider lenders that participate in the SBA's preferred or certified loan programs; for a list of these lenders, call the Small Business Answer Desk at (800) 827-5722.

For additional information on the Office of Advocacy's research reports, data, and analyses on small business, visit [www.sba.gov/advo/stats](http://www.sba.gov/advo/stats) or call (202) 205-6530.

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- Advocacy's News Releases,
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Note: Data on women-owned and minority-owned firms are not comparable between 1992 and 1997, so growth rates are not available. Data on minority owners may not sum to the total because an owner may belong to more than one minority group.

**Table 1.** Firms and Employment in Hawaii by Industry and Firm Size (Thousands), 1999

Industry	Non-employer Firms	Employer Firms		Employment	
		Total	<500	Total	<500
Total	72.6	24.0	23.2	419.0	235.4
Agriculture, forestry, fishing, and hunting	1.9	0.0	0.0	0.5	*
Mining	0.0	0.0	0.0	*	*
Utilities	0.0	0.0	0.0	2.4	*
Construction	4.9	2.3	2.3	21.5	19.2
Manufacturing	1.9	0.9	0.9	14.5	10.4
Wholesale trade	2.9	1.6	1.5	18.2	13.0
Retail trade	8.7	3.3	3.1	60.3	29.9
Transportation and warehousing	2.1	0.6	0.5	22.8	9.6
Information	0.8	0.3	0.3	8.0	2.2
Finance and insurance	2.6	0.7	0.6	19.5	5.5
Real estate; rental and leasing	9.1	1.6	1.5	14.1	9.3
Professional, scientific, and technical services	10.6	2.6	2.5	18.1	14.8
Management of companies and enterprises	N/A	0.2	0.1	5.4	1.8
Admin., support, waste mngt., and remed., services	4.9	1.5	1.4	31.3	17.1
Educational services	1.1	0.4	0.4	12.2	5.9
Health care and social assistance	4.9	2.5	2.5	49.3	24.8
Arts, entertainment, and recreation	4.1	0.4	0.4	9.7	7.2
Accommodation and food services	1.0	2.4	2.4	84.2	44.8
Other services	10.8	2.8	2.8	22.3	18.7
Auxiliary, except corp, subsidiary, and regional managing	N/A	0.1	0.0	4.1	*
Unclassified	N/A	0.3	0.3	*	*

\* Data suppressed to protect the confidentiality of individual firms.

Source: U.S. Department of Commerce, Census Bureau.

**Table 2.** Number of Banks in Hawaii by Asset Size, 1996 – 2001

Number of Banks						Number of Banks by Asset Size, 2001				
1996	1997	1998	1999	2000	2001	Below \$100M	\$100M–\$500M	\$500M–\$1B	\$1B–\$10B	Over \$10B
14	14	13	11	9	8	2	2	0	4	0

Source: U.S. Small Business Administration, Office of Advocacy, from data collected by the Federal Reserve Board.

The full list of small-business-friendly banks can be found on the Office of Advocacy's website at [www.sba.gov/advo/lending](http://www.sba.gov/advo/lending).